

MEMORANDUM FOR: *Fam*

The entire package of security
requirements is attached at
present. I believe you will be
satisfied with 748.9(2)(1).

Please call if you have any
questions.

Thank you.

Mike M.
Monogene - file under Credit Union

Date 9 Feb. 1983

§748.0 Scope.

(a) This Part establishes minimum standards which federally insured credit unions shall comply with in respect to their actions and the installation, maintenance, and operation of security devices and procedures to discourage robberies, burglaries, and larcenies, to assist in the identification and apprehension of persons who commit such actions, and to provide standards for storing vital records; sets time limits within which federally insured credit unions shall comply with these standards; and provides for the submission of reports with respect to compliance.

(b) It is realized that federally insured credit unions will be of various sizes, from small ones that operate from an officer's home with limited assets to large ones with many millions of dollars of assets that are involved in a complex operation. It is the intent of this regulation to make the security requirements fit the circumstance of the credit union. Accordingly, small federally insured credit unions may be required to have a considerably less elaborate security program as compared to large federally insured credit unions. Therefore, the circumstances of each federally insured credit union will be reviewed on its own merits in determining compliance with each section of this Part. If a federally insured credit union does not believe it can comply with any section of this Part, such credit union shall submit the reasons therefor to the Regional Director for approval or disapproval.

§748.1 Definitions.

Branch includes any branch credit union, branch office, branch agency, additional office, or any branch place of business located in any State of the United States, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, at which member accounts are established or money lent.

Business hours means the time during which an office is open for the normal transaction of business with members of federally insured credit unions.

Part 748**Minimum Security Devices and Procedures**

Office includes the principal office of a federally insured credit union and any branch thereof.

Regional Director means the Regional Director of the National Credit Union Administration in the region where the federally insured credit union is located who is responsible for the supervision of the federally insured credit union's activities for insurance purposes.

Teller station or window means a location in a place of business in which a federally insured credit union's members routinely conduct transactions with that credit union which involve the exchange of funds, including a walkup or drive-in teller's station or window.

§748.2 Designation of Security Officer.

Within 60 days of the effective date of this Part, or within 30 days after the effective date of insurance of a federally insured credit union, whichever is later, the Board of Directors of each such credit union shall designate an officer or other employee of that credit union who shall be charged, subject to the supervision by the credit union's Board of Directors, with responsibility for installation, maintenance, and operation of security devices and for the development and administration of a security program which equals or exceeds the standards prescribed by this Part.

§748.3 Security Devices.

(a) Installation, maintenance, and operation of appropriate devices. Within 180 days of the effective date of this Part, or within 90 days after the effective date of insurance of funds, whichever is later, the security officer of each federally insured credit union, under such direction as shall be given him by that credit union's Board of Directors, shall survey the needs for security devices in each of the credit union's offices and shall provide for the installation, maintenance, and operation in each such office of:

(1) A lighting system for illuminating during the hours of darkness the area around the vault or safe if the vault or safe is visible from outside the office;

(2) Tamper-resistant locks such as dead bolt, ring and bar, double cylinder, or similar types on exterior doors and exterior windows designed to be opened;

(3) An alarm system or other appropriate device for promptly notifying the nearest responsible law enforcement officers, guards, or security personnel of an attempted or perpetrated robbery or burglary; and

(4) Such other devices as the security officer, after seeking the advice of law enforcement officers and any other appropriate source, shall deem to be appropriate for discouraging robberies, burglaries, and larcenies and for assisting in the identification and apprehension of persons who commit such crimes.

(b) Considerations relevant to determining appropriateness. For the purpose of subparagraphs (3) and (4) of paragraph (a) of this Section, considerations relative to determining appropriateness include, but are not limited to:

(1) The incidence of crimes against the particular office or financial institutions in the area in which the office is or will be located;

(2) The amount of currency or other valuables exposed to robbery, burglary, or larceny;

(3) The distance of the office from the nearest law enforcement offices, guards, or security personnel and the time required for such personnel to arrive at the office;

(4) The cost of security devices;

(5) Other security measures in effect at the office or within the area, such as the office being located within the compound of a military installation, within the complex of a business or factory which has security, etc.; and

(6) The physical characteristics of the office structure and its surroundings.

(c) Implementation. It is appropriate for officers of federally insured credit unions in areas with a high incidence of crime to install more devices and institute more procedures which would not be practicable because of cost for small offices in areas substantially free of crimes against financial institutions. Each federally insured credit union shall consider the appropriateness of installing, maintaining, and operating security devices and where used should give a general level of protection at least equivalent to the standards described in §748.9. In those institutions where security devices are already installed it is not intended that they be replaced but every effort will be made to bring them up to the standards set forth in §748.9. In any case, on the basis of the factors listed in paragraph (b) of this Section or similar ones, where the use of other measures or the decision that technological change allows the use of other measures judged to give equivalent protection, it is decided not to install, maintain, and operate devices at least equivalent to these standards, the federally insured credit union shall preserve in its own records a statement of the reasons for such decision and forward a copy of that statement to the Regional Director. In the case of federally insured State-chartered credit unions, this statement shall be mailed to the Regional Director. If the appropriate State supervisory authority desires, this statement shall be mailed to the Regional Director via the State supervisory authority. In any event, a copy of the statement shall always be sent to the appropriate State supervisory authority.

§748.4 Security Procedures.

(a) Development and administration. On or before October 1, 1971, or within 90 days after the effective date of insurance of the credit union by the National Credit Union Administration, whichever is later, each federally insured credit union shall develop and provide for the administration of a security program to protect each of its offices, branches, or places of business from robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such

crimes. The security program shall be reduced to writing, approved by the federally insured credit union's Board of Directors, and retained by that credit union in such form as will readily permit determination of its adequacy and effectiveness, and a copy shall be filed with the Regional Director with the certification required by §748.5 below and with the appendix to this Part pertaining to the Report on Security Measures. In the case of federally insured State-chartered credit unions, these items shall be mailed to the Regional Director. If the appropriate State supervisory authority desires, these items shall be mailed to the Regional Director via the State supervisory authority. In any event, copies of these items shall always be sent to the appropriate State supervisory authority.

(b) Contents of the security program. Such security program shall:

(1) Provide for establishing a schedule for the inspection, testing, and servicing of all security devices installed in each office; provide for designating the officer or other employee who shall be responsible for seeing that such devices are inspected, tested, serviced, and kept in good working order and require such officer or other employee to keep a record of such inspections, testings, and servicings;

(2) Require that each office's currency be kept at a reasonable minimum and provide procedures for safely removing excess currency (currency kept on hand overnight should not be in excess of an amount that would be recoverable under the surety bond);

(3) Require that the currency at each teller's station or window be kept at a reasonable minimum and provide procedures for safely removing excess currency and negotiable securities to a locked vault, safe, or other protected place that provides as a minimum the level of protection set forth in §748.7 against the hazard of fire and as set forth in §748.9 against the hazard of burglary and hold-up;

(4) Require that the currency at each teller's station or window or place where funds are disbursed or received include bait money, i.e., used Federal Reserve notes, the denominations, banks of issue, serial numbers, and series years of which are recorded, verified by a second officer or employee, and kept in a safe place;

(5) Require that all currency and negotiable securities be placed in a vault or safe at the earliest time practicable after business hours;

that the vault or safe be locked at the earliest practicable time after business hours and be opened at the latest time practicable before business hours. In those cases where the federally insured credit union is so small that it is determined to be economically not feasible to purchase a safe or vault, funds or securities in excess of \$500 will not be kept by the credit union but deposited in an authorized depository.

(6) Provide where practicable for designation of a person or persons to open each office or branch and require him or them to inspect the premises to ascertain that no unauthorized persons are present and to signal to the employees that the premises are safe before permitting them to enter;

(7) Provide for designation of a person or persons who will assure that all security devices are turned on and are operating during the periods and at such times as such devices are intended to be used and that all locks on windows, doors, and methods of ingress and egress are properly locked;

(8) Provide for a person (or persons, where practicable) to inspect after the closing hour all areas of each office where currency and negotiable securities are normally handled or stored in order to assure that such currency and negotiable securities have been put away, that no unauthorized persons are present in such areas, and that the vault or safe and all other receptacles with locks are securely locked and secured;

(9) Provide that securities not kept in a safe or vault shall be kept in a safe deposit box which requires two authorized signatures to open in a financial institution;

(10) Provide that armored car service where practicable shall be used in transporting money to and from the bank or armed guards, where practicable, should accompany employees when they transport funds between the federally insured credit union and the bank. Funds should not be transported to the bank by less than two persons.

(11) Provide that windows and doors that are not readily observable from the outside and through which unauthorized entry may be attempted shall, where practicable, be protected by burglary-resistant bars or grills;

(12) Provide that arrangements will be made, if feasible, with local police, internal security guards, or other security personnel to

inspect the exterior of the office with reasonable frequency and to be present before opening and just after closing hours;

(13) Provide that the installation of an alarm system which can be activated by an employee without endangering his life, preferably a silent system connected with the police or a security agency, should be considered and installed where conditions indicate such necessity and it is economically feasible. During hours when the office is closed, an alarm should be considered that can be activated upon unauthorized or forced entry.

(14) Provide that a study be made to determine whether a surveillance system is needed and is practicable, considering such things as photographic recording and monitoring devices. Such systems are not only helpful in identifying and apprehending the burglar or robber but also serve as a deterrent to the planning of a burglary or robbery. Notices of such devices will be prominently displayed.

(15) Provide that employees will be fully instructed as to the procedures and actions to follow during the course of a robbery, including the importance of a good description of the robber. They will be thoroughly familiar with the importance of refraining from any action or reaction that might endanger their lives or the lives of any other employees in the office at the time. (See §748.10)

(16) Provide that employees will be given initial training and periodic retraining in their responsibilities under the security program, including the proper use of any security devices.

(17) Provide that if a federally insured credit union's office is located in a building owned by the employer of the members, consideration will be given to locating the office on an upper floor where practicable.

(18) Provide that consideration will be given to using clear wired glass in doors and windows facing corridors or streets so that persons passing will have a good view of the federally insured credit union's office.

(19) Be cognizant of the fact that the Federal Bureau of Investigation has a decal which states that the FBI has jurisdiction to investigate robberies, burglaries, and larcenies committed against federally insured credit unions. Where the FBI has jurisdiction, arrangements will be made through the local FBI office to acquire these decals and they will be posted in a conspicuous place.

§748.5 Filing of Reports.

(a) Compliance reports. Within 180 days of the effective date of this Part or within 90 days after the effective date of insurance of funds, whichever is later, each federally insured credit union shall file with its Regional Director a statement certifying to its compliance with the requirements of this Part. Thereafter such a statement will be filed annually with the Regional Director. The statement shall be dated and signed by the President of the federally insured credit union or other managing officer of that credit union and may be in a form substantially as follows:

I hereby certify to the best of my knowledge and belief that this credit union has developed and administers a security program that equals or exceeds the standards prescribed by Section 748.4 of the Rules and Regulations; that such security program has been reduced to writing, approved by this credit union's Board of Directors, and retained by this credit union in such form as will readily permit determination of its adequacy and effectiveness; and that this credit union's security officer, after seeking the advice of law enforcement officers, has provided for the installation, maintenance, and operation of security devices, if appropriate, as prescribed by Section 748.3 of the Rules and Regulations in each of the credit union's offices.

In the case of federally insured State-chartered credit unions, this statement shall be mailed to the Regional Director at the same time as the annual payment of its insurance premium as provided in Title II of the Federal Credit Union Act. If the appropriate State supervisory authority desires, this statement shall be mailed to the Regional Director via the State supervisory authority. In any event, a copy of the statement shall always be sent to the appropriate State supervisory authority.

(b) Crime and catastrophic act reports. Each time a crime or catastrophic act listed in the appendix is committed or attempted or occurs at an office operated by a federally insured credit union, that credit union shall, within five working days, file a report with the Regional Director in conformity with the requirements of the appendix to this Part. State-chartered credit unions shall, in addition, file one copy of such report with the appropriate State supervisory authority. Three copies of such report shall be filed by each federally insured credit union with

the Regional Director. If all information required in such report is not available within 5 days, then all available information shall be forwarded as a preliminary report within such 5-day period and the remainder forwarded as soon as it is compiled.

(c) Each federally insured credit union shall file such other reports as the Administrator may from time to time require.

§748.6 Corrective Action.

Whenever the Board determines that the security devices or procedures used by a federally insured credit union are deficient in meeting the requirements of this Part or that the requirements of this Part should be varied in the circumstances of a particular office, it may take or require that credit union to take the necessary corrective action. If the Board determines that such corrective action is appropriate or necessary, that credit union will be so notified and will be furnished a statement of what the credit union must do to comply with the requirements of this Part.

§748.7 Storage of Vital Records.

Records considered vital, as defined in the Accounting Manual for Federal Credit Unions, for the continued operation of a federally insured credit union in the event of their loss (such as ledgers, etc.) must be secured in a fire-resistant container or vault prior to the securing of the office or building each day. Fire-resistant vaults used for the protection of federally insured credit unions' records as determined by the Board of Directors shall be constructed in accordance with specifications established by the National Fire Protection Association for a Class 2-hour rating and must comply with any other applicable local fire regulations. As a minimum, fire-resistant vault doors shall be listed with the Underwriters Laboratories as a 2-hour vault door and frame and equipped with an Underwriters Laboratories listed Group 2 combination lock. Fire-resistant containers used for the protection of such records shall meet the minimum specifications established by the

Underwriters Laboratories for a UL 1-hour label. For the purpose of certification that fire-resistant vaults or containers meet these standards, a written certification from a contractor, manufacturer, or supplier to the credit union that the equipment equals or exceeds the requirements established above will satisfy the federally insured credit union's compliance with this regulation.

§748.8 Penalty Provision.

Pursuant to Section 205(e)(3) of Public Law 91-468 of 1970, a federally insured credit union which violates any provision of this Part shall be subject to a civil penalty not to exceed \$100 for each day of the violation.

§748.9 Minimum Standards for Security Devices.

General: The following minimum standards for security devices should be met if it is determined that the criteria established in Part 748 requires that such security devices be installed.

(a) **Surveillance systems.** Surveillance systems should be equipped with one or more photographic recording, monitoring, or like devices capable of reproducing images of persons in the federally insured credit union's office with sufficient clarity to facilitate (through photographs capable of being enlarged to produce a one-inch vertical head size of persons whose images have been reproduced) the identification and apprehension of robbers or other suspicious characters. The device should be reasonably silent in operation and designed and constructed so that necessary services, repairs, or inspections can be readily made. Any camera used in such a system should be capable of taking at least one picture every two seconds and, if it uses film, should contain enough unexposed film at all times to be capable of operating for not less than three minutes.

(1) Installation, maintenance, and operation of surveillance systems providing surveillance of other than walkup or drive-in teller stations or windows.

Surveillance devices for other than walkup or drive-in teller stations or windows should be located so as to produce identifiable images of persons either leaving the federally insured credit union's office or in a position to transact business at each such station or window and should be capable of activation by initiating devices located at each teller's station or window.

(2) Installation, maintenance, and operation of surveillance systems providing surveillance of walkup or drive-in teller stations or windows. Surveillance devices for walkup or drive-in teller stations or windows should be located in such a manner as to reproduce identifiable images of persons in a position to transact business at each such station or window and area of such station or window that is vulnerable to robbery or larceny. Such devices should be capable of activation by one or more initiating devices located within or in close proximity to such station or window. Such devices could be omitted in the case of a walkup or drive-in teller's station or window in which the teller is effectively protected by bullet-resistant barrier from persons outside the station or window, but if the teller is vulnerable to larceny or robbery by members of the public who enter the federally insured credit union's office, the teller should have access to a device to activate a surveillance system that covers the area of vulnerability or the exits of that credit union's office.

(b) Robbery alarm systems. A robbery alarm should be provided for each federally insured credit union's office at which the police ordinarily can arrive within five minutes after an alarm is activated. Robbery alarm systems should be:

(1) designed to transmit to the police, either directly or through an intermediary, a signal (not detected by unauthorized persons) indicating that a crime against the federally insured credit union's office has occurred or is in progress;

(2) capable of activation by initiating devices located at each teller's station or window (except walkup or drive-in teller's stations or windows in which the teller is effectively protected by a bullet-resistant barrier and effectively isolated from persons, other than fellow employees, inside a federally insured credit union's office of which such station or window may be a part);

(3) safeguarded against accidental transmission of an alarm;

(4) equipped with a visual and audible signal capable of indicating improper functioning of or tampering with the system; and

(5) equipped with an independent source of power (such as a battery) sufficient to assure continuously reliable operation of the system for at least 24 hours in the event of failure of the usual source of power.

(c) Burglar alarm systems. Burglar alarm systems should be:

(1) capable of detecting promptly an attack on the outer door, walls, floor, or ceiling of each vault, and each safe not stored in a vault, in which currency, negotiable securities, or similar valuables are stored when the office is closed, and any attempt to move any such safe;

(2) designed to transmit to the police, either directly or through an intermediary, a signal (not detectable by unauthorized persons) indicating that any such attempt is in progress; and designed to activate a loud sounding bell or other device that is audible inside the federally insured credit union's office and for a distance of approximately 500 feet outside that credit union's office;

(3) safeguarded against accidental transmission of an alarm;

(4) equipped with a visual and audible signal capable of indicating improper functioning of or tampering with the system; and

(5) equipped with an independent source of power (such as a battery) sufficient to assure continuously reliable operation of the system for at least 80 hours in the event of failure of the usual source of power.

(d) Walkup and drive-in teller's stations or windows. Walkup and drive-in teller's stations or windows constructed for after the effective date of this Part should be constructed in such a manner that tellers are effectively protected by bullet-resistant barriers from robbery or larceny by persons outside such stations or windows. Such barriers should be of glass at least $1\frac{3}{16}$ inches thick,¹ or of material of at least equivalent bullet-resistance. Pass-through devices should be designed and constructed so as not to afford a person outside the station or window a direct line of fire at a person inside the station or window.

¹It should be emphasized that this thickness is merely bullet-resistant and not bullet-proof.

(e) Vaults, safes, and night depositories. Vaults and safes (if not to be stored in a vault) in which currency, negotiable securities, or similar valuables are to be stored when the office is closed, and night depositories, contracted for after the effective date of this Part, should meet or exceed the following standards:

(1) Vaults. Vault walls, roof, and floor contracted for after the effective date of this Part, should be made of steel-reinforced concrete, at least 12 inches thick or the equivalent; vault doors should be made of steel or other drill and torch-resistant material, at least 3½ inches thick, and be equipped with a dual combination lock and a time lock and a substantial, lockable daygate; or vaults and vault doors shall be constructed of materials that afford at least equivalent burglary-resistance.

(2) Safes. Safes contracted for after the effective date of this Part, should weigh at least 750 pounds empty or be securely anchored to the premises where located. The door should be equipped with a combination lock and with a relocking device that will effectively lock the door if the combination lock is punched. The body should consist of steel, at least 1 inch in thickness, with an ultimate tensile strength of 50,000 pounds per square inch, either cast or fabricated, and be fastened in a manner equal to a continuous ¼-inch penetration weld having an ultimate tensile strength of 50,000 pounds per square inch. One hole not exceeding 3/16-inch diameter may be provided in the body to permit insertion of electrical conductors but should be located so as not to permit a direct view of the door or locking mechanism. The door should be made of steel that is at least 1½ inches thick and at least equivalent in strength to that specified for the body; or safes should be constructed of materials that afford at least equivalent burglary-resistance.

(3) Night depositories. Night depositories (excluding envelope drops not used to receive substantial amounts of currency) contracted for after the effective date of this Part, should consist of a receptacle chest having a cast, or welded, steel walls, top and bottom, at least 1 inch thick; a combination locked steel door at least 1½ inches thick; and a chute, made of steel that is at least 1 inch thick, securely bolted or welded to the receptacle and to a depository entrance of strength similar to the chute; or night depositories should be constructed of materials that afford at least equivalent burglary-resistance. The depository entrance should be

equipped with a lock. Night depositories should be equipped with a burglar alarm and be designed to protect against the "fishing" of a deposit from the deposit receptacle and to protect against the "trapping" of a deposit for extraction.

Each device mentioned in this section should be installed and regularly inspected, tested, and serviced by competent persons so as to assure realization of its maximum performance capabilities. Activating devices for surveillance systems and robbery alarms should be operable with the least risk of detection by unauthorized persons that can be practicably achieved.

§748.10 Proper Employee Conduct During and After a Robbery

With respect to proper employee conduct during and after a robbery, employees should be instructed—

(a) To avoid actions that might increase danger to themselves or others;

(b) To activate the robbery alarm system and the surveillance system during the robbery, if it appears that such activation can be accomplished safely;

(c) To observe the robber's physical features, voice, accent, mannerisms, dress, the kind of weapon he has, and any other characteristics that would be useful for identification purposes;

(d) That if the robber leaves evidence (such as a note) to try to put it aside and out of sight, if it appears that this can be done safely; retain the evidence, do not handle it unnecessarily, and give it to the police when they arrive; and refrain from touching, and assist in preventing others from touching, articles or places the robber may have touched or evidence he may have left, in order that fingerprints of the robber may be obtained;

(e) To give the robber no more money than the amount he demands and include "bait" money in the amount given;

(f) That if it can be done safely, to observe the direction of the robber's escape and the description and license plate number of the vehicle used, if any;

(g) To telephone the police, if they have not arrived, and the nearest office of the Federal Bureau of Investigation, or inform a designated officer or other employee who has this responsibility that a robbery has been committed;

(h) That if the robber leaves before the police arrive, to assure that a designated officer or other employee waits outside the office, if it is safe to do so, to inform the police when they arrive that the robber has left;

(i) To attempt to determine the names and addresses of other persons who witnessed the robbery or the escape and request them to record

their observations or to assist a designated officer or other employee in recording their observations; and

(j) To refrain from discussing the details of the robbery with others before recording the observations respecting the robber's physical features and other characteristics as hereinabove described and the direction of escape and description of vehicles used, if any.